

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF LOUISVILLE)	CASE NO. 90-158-DD
GAS AND ELECTRIC COMPANY)	

O R D E R

On December 21, 1990, in Case No. 90-158 the Commission approved certain adjusted rates for Louisville Gas and Electric Company ("LG&E") and provided for their further adjustment on a quarterly basis in accordance with its gas supply clause ("GSC").

On March 31, 1998, LG&E filed its GSC to be effective from May 1, 1998 through July 31, 1998.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. LG&E's notice proposed revised rates designed to pass on expected decreased wholesale gas costs to its customers. LG&E's proposed expected gas supply cost is 31.451 cents per 100 cubic feet, or \$3.1451 per Mcf.
2. LG&E has current supplier refunds to return to its customers. The demand-related portion of the refund is \$90,905, including interest, with the related refund adjustment being .21 cent per Mcf. This adjustment applies to both sales and transportation volumes. The commodity-related portion, which is applicable only to sales volumes, is \$2,993. This amount is too small to produce a change in rates when spread

over sales volumes of 40,838,418 Mcf. LG&E should include the \$2,993 with a future refund applicable only to sales volumes. The total refund factor for sales customers of .21 cent per Mcf reflects the current refund adjustment only; there are no remaining previous quarter adjustments. The refund factor for transportation customers is .21 cent per Mcf.

3. LG&E's notice set out a current quarter actual adjustment of (17.70) cents per Mcf to return over-recovered gas cost from August, September, and October 1997. The proposed total actual adjustment of (23.30) cents per Mcf reflects the current over-recovery as well as under- and over-collections from three previous quarters.

4. LG&E's notice set out a balance adjustment of (9.33) cents per Mcf to return remaining over-collections from previous actual and balance adjustments.

5. These adjustments produce a gas supply cost component of 28.167 cents per 100 cubic feet or \$2.8167 per Mcf, 86.42 cents per Mcf less than the prior rate.

6. The rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after May 1, 1998.

7. LG&E filed with its notice a petition for confidential treatment of supplier information filed in Exhibit B-1, pages 5 and 6 of 6. Publication of such information is likely to cause competitive injury to LG&E. Its request should be granted.

IT IS THEREFORE ORDERED that:

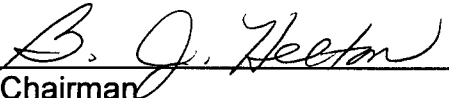
1. The rate in the Appendix to this Order is fair, just, and reasonable and is effective for gas supplied on and after May 1, 1998.


2. Within 30 days of the date of this Order, LG&E shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

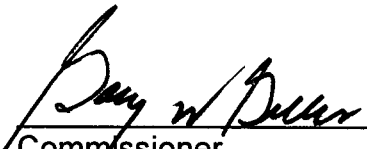
3. LG&E's request for confidential treatment of Exhibit B-1, pages 5 and 6, is hereby approved.

Done at Frankfort, Kentucky, this 23rd day of April, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-158-DD DATED APRIL 23, 1998

The following rates and charges are prescribed for the customers served by Louisville Gas and Electric Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Supply Cost Adjustment

The total Gas Supply Cost Component shall be 28.167 cents per 100 cubic feet during the period covered by the bill.